

3 June 1983

Office of Personnel ChecklistSocial Security Legislation

The Executive Director, DDCI and DCI have approved our recommendation to change Agency strategy concerning Social Security coverage for employees entering the work force after 1 January 1984. Previously, our plan was to seek an amendment to the CIA Retirement and Disability System to cover all Agency employees while maintaining the differences in benefits for those currently under Civil Service Retirement and those eligible for the preferred CIARDS coverage. The intent was to avoid the impact of the recent Social Security Reform Act and to put prospective employees under retirement and not Social Security.

After a full discussion with staff members of the Senate Select Committee, we reported our ^{only} view that any effort to get out from under Social Security would not be futile; worse, it could be counter-productive and actually harm our attempt to develop a special supplemental system. Our recommendation, now approved, was to withdraw that effort and to concentrate our efforts on developing a supplemental system that would preserve the Agency's historical early retirement policy.

Our working group, in discussing strategy to be employed now, believes that our approach should be one that reiterates the importance that our retirement policy has had for 25 years and that the ideal solution would be to exclude our new hires from the impact of Social Security coverage. Recognizing the political realities of such an exclusion in the face of the pressures encountered by the Congress earlier this year, we believe that if the Congress could not authorize an exclusion, their fullest support would be needed for a supplemental system that would permit the Agency to maintain its policy of encouraging retirements at ages earlier than elsewhere in the government.

We plan to meet with the Staff Director, Senate Select Committee on Intelligence to express this view and to discuss how best to proceed with the supplemental plan.

Our group also discussed the strong possibility that the Administration may not submit its design of a supplemental system this year. If it does not, or if the Congress does not develop such a plan itself, this means that in January new hires would be covered by both the Civil Service Retirement System and Social Security. This creates the possibility that the unions may attempt again to repeal Social Security coverage. Their argument could

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be that new workers are paying considerably more than the existing work force. The more serious implication of inaction is that in developing our supplemental system, timing could be an extremely important factor. By this we mean that we should consider not proposing a supplemental system before the Administration itself designs such a system. We should, of course, be prepared to move quickly with our new design once the signals indicate that we should. Our plan now is to initiate the design and evaluate the cost of a supplemental system that would meet all Agency needs. At the same time, we will develop some fallback plans in the event the one we prefer runs into problems. There will be costs associated with this action in that there is no actuarial capability within the Agency; we will also need the services of a retirement consultant to help us develop the plan. We will be costing this and in turn will submit a request to the Executive Director for funding.